Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4261 (Substitute H-1 as reported without amendment)
Sponsor: Representative Michael Sak
House Committee: Commerce
Senate Committee: Commerce and Tourism

CONTENT

The bill would enact the "Convention and Tourism Promotion Act" to permit a bureau (a nonprofit membership organization) to create a marketing program to promote convention business and tourism, and collect an assessment of up to 2% of the revenue generated from transient facilities in an assessment district (Kent County or the greater Lansing area) for the expenses of the program, unless the assessment were rejected by the facility owners. "Transient facility" would mean a building with 35 or more rooms used to provide dwelling, lodging, or sleeping to transient guests.

The bureau could file with the Michigan Economic Development Corporation (MEDC) a notice of its intent to create a marketing program and collect an assessment, and would have to mail a copy of the notice to each owner of a transient facility in the district. The assessment would take effect on the first day of the month following the expiration of 40 days after notice was mailed, unless the MEDC received written requests for a referendum by at least 40% of the total number of owners, or those owners representing at least 40% of the total number of rooms in all of the transient facilities. In that case, the MEDC director would have to conduct a referendum among all owners of transient facilities in the district. Each owner would have one vote for each sleeping room in its facilities within the district.

If a majority approved of the assessment, it would take effect on the first day of the month following the expiration of 30 days after the director certified the referendum results. If the assessment were defeated, the bureau could file a new notice after at least 60 days had passed from the date the results of the earlier referendum had been certified.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill could increase the administrative costs of the MEDC by a minimal amount due to the requirement for the MEDC to determine if an application to levy an assessment met the bill's criteria. The MEDC also could incur expenses if sufficient transient facility operators petitioned for a referendum on the question of imposing an assessment. Other expenses due to administering the assessment would be borne by the bureau levying the assessment. All assessment revenue would go to the bureau for marketing and promotion activities.

It is unknown what the effect of increasing hotel and motel costs by 2% would have on visitors' stays and other hotel/motel-related revenue. To the extent the additional costs were accommodated by shorter stays, shifts to less expensive lodging, reductions in food or other visitor-related purchases, the bill could affect a wide variety of other State and local revenue. The potential magnitude of this effect is unknown.

Date Completed: 6-6-07

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz
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